

Message Text

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62

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 GSA-01 INT-05 COME-00 CIAE-00

INR-07 NSAE-00 TRSE-00 L-03 /034 W

----- 127056

R 302100Z MAY 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6812

LIMITED OFFICIAL USE LA PAZ 3713

E.O. 11652: N/A

TAGS: EMIN, ETRD, EALR, BL

SUBJECT: GSA'S PLANNED TUNGSTEN SALES

REF: LA PAZ 3469; STATE 106690

1. HOY OF MAY 28 IN BOLD TYPE CARRIED TWO ARTICLES CRITICIZING GSA'S PLANNED TUNGSTEN SALES OF ALLEGEDLY TWO MILLION POUNDS. ONE STATED, SHORT TIME AGO USG CONSULTED GOB ON PLANNED GSA TUNGSTEN SALES THROUGH BOLIVIAN AMBASSADOR IN WASHINGTON AND SUBSEQUENTLY MIN-MINES, THROUGH SAME CHANNEL, HAD SUGGESTED GSA TUNGSTEN BE SOLD AT REGULATED PRICE WHICH WOULD NOT HARM PRODUCERS. GOB CLAIMED US MARKET COULD NOT ABSORB ALL GSA TUNGSTEN SALES AS US WAR INDUSTRY HAS DECREASED PRODUCTION. CLAIMED USG URGENTLY TRYING TO SELL TUNGSTEN BEFORE FISCAL YEAR BEGINS TO HELP BUDGET. CONSEQUENTLY, IT CONTINUED, TUNGSTEN PRICE DROPPED US\$ 0.50 PER LONG TON UNIT. SECOND HOY ARTICLE STATED GSA'S PLANNED TUNGSTEN SALES REPRESENT BOLIVIA'S TOTAL TUNGSTEN PRODUCTION FOR SIX MONTHS. FIRST QUARTER 1975 PRODUCTION OF WOLFRAMITE AMOUNTED TO 550 METRIC TONS VALUED AT US\$ 5 MILLION. STATED THAT LONG TON UNIT PRICE WAS US \$101.75 AT END MARCH 1975, BUT THAT MAY 27 PRICE HAD DESCENDED TO US \$97.73.

2. EDITORIAL OF HOY'S MAY 29 EDITION STATED USG OFFICIALLY ANNOUNCED 2 MILLION POUND SALE OF TUNGSTEN WHICH CAUSED IMMEDIATE DROP IN WORLD PRICE. ADDED WORLD POWERS, WITHOUT LIMITED OFFICIAL USE

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ANY IDEOLOGICAL CLASSIFICATION, ACT ONLY AND EXCLUSIVELY

TO FURTHER OWN INTERESTS WITHOUT MUCH REGARD TO EFFECTS ON
SMALL PRODUCING COUNTRIES. FINALLY URGED GOB TO DIVERSIFY
ECONOMY TO END ASPHYXIATING DEPENDENCY ON LARGE WORLD POWERS
BY ACTING JOINTLY WITH OTHER COUNTRIES WHICH ALSO ARE SUBJECTED
TO YOKE OF IMPERIAL POWERS.

3. SMALL ARTICLE IN PRESENCIA OF MAY 29 QUOTED DIRECTOR OF
MINING OF MIN-MINES THAT 2 MILLION POUND SALE IS ONLY REMOTE
POSSIBILITY WHICH LIES IN GROUND OF CONJECTURE. HOWEVER, HE
REPOREDLY ADDED THIS DOES NOT MEAN THAT AN ACUTUAL EXECUTION
OF SALES POLICY HAS NOT BEEN ESTABLISHED.

4. COMMENT: AS REACTION TO IDEA THAT GSA PROGRAM IS TO SELL
2 MILLION POUNDS HAS BEEN DECIDEDLY NEGATIVE, IT CAN BE EASILY
IMAGINED WHAT REACTION WILL BE IF GSA ANNOUNCES PROGRAM TO
SELL 12 MILLION POUNDS.
STEDMAN

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